

SUNPOWER CORP
Form 10-Q
October 31, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended September 29, 2013

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission file number 001-34166

SunPower Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware

94-3008969

(State or Other Jurisdiction of Incorporation or
Organization)

(I.R.S. Employer Identification No.)

77 Rio Robles, San Jose, California 95134

(Address of Principal Executive Offices and Zip Code)

(408) 240-5500

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Smaller reporting company ☐

(Do not check if a smaller

reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

The total number of outstanding shares of the registrant's common stock as of October 25, 2013 was 121,395,743.

d

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	<u>3</u>
Item 1. <u>Financial Statements (unaudited)</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>3</u>
<u>Condensed Consolidated Statements of Operations</u>	<u>4</u>
<u>Condensed Consolidated Statement of Comprehensive Income (Loss)</u>	<u>5</u>
<u>Condensed Consolidated Statements of Equity</u>	<u>6</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>7</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>8</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>43</u>
Item 3. <u>Quantitative and Qualitative Disclosure About Market Risk</u>	<u>63</u>
Item 4. <u>Controls and Procedures</u>	<u>65</u>
<u>PART II. OTHER INFORMATION</u>	<u>66</u>
Item 1. <u>Legal Proceedings</u>	<u>66</u>
Item 1A. <u>Risk Factors</u>	<u>66</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>68</u>
Item 6. <u>Exhibits</u>	<u>69</u>
<u>Signatures</u>	<u>70</u>
<u>Index to Exhibits</u>	<u>71</u>

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SunPower Corporation

Condensed Consolidated Balance Sheets

(In thousands, except share data)

(unaudited)

	September 29, 2013	December 30, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$743,575	\$457,487
Restricted cash and cash equivalents, current portion	14,600	15,568
Accounts receivable, net	377,824	398,150
Costs and estimated earnings in excess of billings	42,563	36,395
Inventories	288,049	291,386
Advances to suppliers, current portion	75,680	50,282
Project assets - plants and land, current portion	98,005	75,911
Prepaid expenses and other current assets ¹	453,595	613,053
Total current assets	2,093,891	1,938,232
Restricted cash and cash equivalents, net of current portion	17,420	31,396
Restricted long-term marketable securities	9,179	10,885
Property, plant and equipment, net	851,344	774,909
Project assets - plants and land, net of current portion	3,559	7,596
Other intangible assets, net	514	744
Advances to suppliers, net of current portion	289,460	301,123
Other long-term assets ¹	493,725	276,063
Total assets	\$3,759,092	\$3,340,948
Liabilities and Equity		
Current liabilities:		
Accounts payable ¹	\$483,059	\$414,335
Accrued liabilities	256,454	247,372
Billings in excess of costs and estimated earnings	253,329	225,550
Short-term debt	76,845	14,700
Convertible debt, current portion	230,000	—
Customer advances, current portion ¹	44,977	59,648
Total current liabilities	1,344,664	961,605
Long-term debt	93,154	375,661
Convertible debt, net of current portion ¹	521,372	438,629
Customer advances, net of current portion ¹	170,798	236,082
Other long-term liabilities	520,260	335,619
Total liabilities	2,650,248	2,347,596
Commitments and contingencies (Note 7)		
Equity:		

Edgar Filing: SUNPOWER CORP - Form 10-Q

Preferred stock, \$0.001 par value; 10,000,000 shares authorized; none issued and outstanding as of both September 29, 2013 and December 31, 2012	—	—
Common stock, \$0.001 par value, 367,500,000 shares authorized; 126,730,119 shares issued, and 121,390,170 outstanding as of September 29, 2013; 123,315,990 shares issued, and 119,234,280 shares outstanding as of December 30, 2012	121	119
Additional paid-in capital	1,964,369	1,931,947
Accumulated deficit	(828,830)	(902,085)
Accumulated other comprehensive loss	(4,948)	(2,521)
Treasury stock, at cost; 5,339,949 shares of common stock as of September 29, 2013; 4,081,710 shares of common stock as of December 30, 2012	(51,692)	(34,108)
Total stockholders' equity	1,079,020	993,352
Noncontrolling interests in subsidiaries	29,824	—
Total equity	1,108,844	993,352
Total liabilities and equity	\$3,759,092	\$3,340,948

The Company has related party balances in connection with transactions made with Total and its affiliates as well as unconsolidated entities in which the Company has a direct equity investment. These related party balances are recorded within the "Prepaid expenses and other current assets," "Other long-term assets," "Accounts payable," "Customer advances, current portion," "Convertible debt, net of current portion," and "Customer advances, net of current portion" financial statement line items in the Condensed Consolidated Balance Sheets (see Note 2, Note 4, Note 5, Note 7, and Note 8).

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

SunPower Corporation
 Condensed Consolidated Statements of Operations
 (In thousands, except per share data)
 (unaudited)

	Three Months Ended		Nine Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
Revenue	\$657,120			